

110TH CONGRESS  
1ST SESSION

# H. R. 1110

To amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2007

Mr. TOM DAVIS of Virginia (for himself, Mr. HOYER, Mr. PORTER, Mr. WAXMAN, Mr. WOLF, Mr. DAVIS of Illinois, Mr. VAN HOLLEN, Mrs. JO ANN DAVIS of Virginia, Mr. MORAN of Virginia, Mr. COBLE, Ms. NORTON, Mr. WYNN, Mr. CANTOR, Mr. CAMP of Michigan, Mr. STARK, Mr. RAMSTAD, Mr. LEWIS of Georgia, Mr. SAM JOHNSON of Texas, Mr. BECERRA, Mr. ENGLISH of Pennsylvania, Mrs. JONES of Ohio, Mr. WELLER of Illinois, Mr. THOMPSON of California, Mr. LEWIS of Kentucky, Mr. EMANUEL, Mr. RYAN of Wisconsin, Ms. BERKLEY, Mr. MEEK of Florida, and Ms. SCHWARTZ) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Oversight and Government Reform and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. PRETAX PAYMENT OF HEALTH INSURANCE**  
2 **PREMIUMS BY FEDERAL CIVILIAN AND MILI-**  
3 **TARY RETIREES.**

4 (a) IN GENERAL.—Subsection (g) of section 125 of  
5 the Internal Revenue Code of 1986 (relating to cafeteria  
6 plans) is amended by adding at the end the following new  
7 paragraph:

8 “(5) HEALTH INSURANCE PREMIUMS OF FED-  
9 ERAL CIVILIAN AND MILITARY RETIREES.—

10 “(A) FEHBP PREMIUMS.—Nothing in this  
11 section shall prevent the benefits of this section  
12 from being allowed to an annuitant, as defined  
13 in paragraph (3) of section 8901 of title 5,  
14 United States Code, with respect to a choice be-  
15 tween the annuity or compensation referred to  
16 in such paragraph and benefits under the  
17 health benefits program established by chapter  
18 89 of such title 5.

19 “(B) TRICARE PREMIUMS.—Nothing in  
20 this section shall prevent the benefits of this  
21 section from being allowed to an individual re-  
22 ceiving retired or retainer pay by reason of  
23 being a member or former member of the uni-  
24 formed services of the United States with re-  
25 spect to a choice between such pay and benefits

1 under the health benefits programs established  
 2 by chapter 55 of title 10, United States Code.”.

3 (b) EFFECTIVE DATE.—The amendment made by  
 4 this section shall apply to taxable years beginning after  
 5 the date of the enactment of this Act.

6 **SEC. 2. DEDUCTION FOR TRICARE SUPPLEMENTAL PRE-**  
 7 **MIUMS.**

8 (a) IN GENERAL.—Part VII of subchapter B of chap-  
 9 ter 1 of the Internal Revenue Code of 1986 (relating to  
 10 additional itemized deductions for individuals) is amended  
 11 by redesignating section 224 as section 225 and by insert-  
 12 ing after section 223 the following new section:

13 **“SEC. 224. TRICARE SUPPLEMENTAL PREMIUMS OR EN-**  
 14 **ROLLMENT FEES.**

15 “(a) ALLOWANCE OF DEDUCTION.—In the case of an  
 16 individual, there shall be allowed as a deduction the  
 17 amounts paid during the taxable year by the taxpayer for  
 18 insurance purchased as supplemental coverage to the  
 19 health benefits programs established by chapter 55 of title  
 20 10, United States Code, for the taxpayer and the tax-  
 21 payer’s spouse and dependents.

22 “(b) COORDINATION WITH MEDICAL DEDUCTION.—  
 23 Any amount allowed as a deduction under subsection (a)  
 24 shall not be taken into account in computing the amount

1 allowable to the taxpayer as a deduction under section  
2 213(a).”.

3 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL  
4 ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
5 of section 62 of such Code is amended by inserting before  
6 the last sentence the following new paragraph:

7 “(22) TRICARE SUPPLEMENTAL PREMIUMS  
8 OR ENROLLMENT FEES.—The deduction allowed by  
9 section 224.”.

10 (c) CLERICAL AMENDMENT.—The table of sections  
11 for part VII of subchapter B of chapter 1 of such Code  
12 is amended by striking the last item and inserting the fol-  
13 lowing new items:

“Sec. 224. TRICARE supplemental premiums or enrollment fees.  
“Sec. 225. Cross reference.”.

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 the date of the enactment of this Act.

17 **SEC. 3. IMPLEMENTATION.**

18 (a) FEHBP PREMIUM CONVERSION OPTION FOR  
19 FEDERAL CIVILIAN RETIREES.—The Director of the Of-  
20 fice of Personnel Management shall take such actions as  
21 the Director considers necessary so that the option made  
22 possible by section 125(g)(5)(A) of the Internal Revenue  
23 Code of 1986 shall be offered beginning with the first open  
24 enrollment period afforded under chapter 89 of title 5,

1 United States Code, which begins not less than 90 days  
2 after the date of the enactment of this Act.

3 (b) TRICARE PREMIUM CONVERSION OPTION FOR  
4 MILITARY RETIREES.—The Secretary of Defense, after  
5 consulting with the other administering Secretaries (as  
6 specified in section 1073 of title 10, United States Code),  
7 shall take such actions as the Secretary considers nec-  
8 essary so that the option made possible by section  
9 125(g)(5)(B) of the Internal Revenue Code of 1986 shall  
10 be offered beginning with the first open enrollment period  
11 afforded under health benefits programs established under  
12 chapter 55 of such title which begins not less than 90 days  
13 after the date of the enactment of this Act.

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